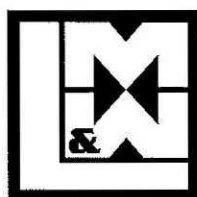


ALLEN PARISH HOSPITAL
MANAGEMENT'S DISCUSSION AND ANALYSIS
AND
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED
JUNE 30, 2013, 2012 AND 2011



LESTER, MILLER & WELLS
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

Hospital Service District No. 3
Of the Parish of Allen, State of Louisiana
d/b/a Allen Parish Hospital
Hospital Enterprise Fund
Years Ended June 30, 2013, 2012 and 2011

Table of Contents

	<u>Page No.</u>
Management's Discussion and Analysis.....	i-vi
Independent Auditors' Report on the Financial Statements and Supplementary Information	1-3
Financial Statements	
Statements of Net Position	4
Statements of Revenue, Expenses and Changes in Net Position	5
Statements of Cash Flows	6-7
Notes to Financial Statements	8-20
Supplementary Information	
Schedules of Net Patient Service Revenue.....	22
Schedules of Other Operating Revenue.....	23
Schedules of Operating Expenses - Salaries and Benefits.....	24
Schedules of Operating Expenses - Other Expenses.....	25
Schedules of Per Diem and Other Compensation Paid to Board Members	26
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>GOVERNMENT AUDITING STANDARDS</u>	27-32

Hospital Service District No. 3
Of the Parish of Allen, State of Louisiana
Allen Parish Hospital

Management's Discussion and Analysis

This section of the annual financial report for Hospital Service District No. 3 of Allen Parish, State of Louisiana d/b/a Allen Parish Hospital (the Hospital) provides background information and management's analysis of the Hospital's financial performance during the fiscal years that ended June 30, 2013, 2012, and 2011. Please read it in conjunction with the financial statements beginning on page 4 and notes to the financial statements beginning on page 8 in this report.

Financial Highlights

- The Hospital's total assets increased by \$753,688 in 2013, compared to an increase of \$170,345 in 2012 and a decrease of \$309,071 in 2011. Cash and cash equivalents increased \$1,405,255 in 2013. Short-term investments remained unchanged. Capital asset additions for 2013 were \$50,330 mostly attributable to equipment upgrades.
- The Hospital's total liabilities decreased by \$232,356 in 2013, compared to an increase of \$471,438 in 2012 and a decrease of \$269,404 in 2011. The Hospital paid Series 2011 Revenue Anticipation Note in the amount of \$405,325 in 2013.
- Total operating revenue for the Hospital decreased by \$879,080 in 2013, compared to a decrease of \$561,718 in 2012 and a decrease of \$845,714 in 2011. Operating expenses decreased by \$2,160,135 in 2013, following a decrease of \$299,408 and an increase of \$15,773 for fiscal years 2012 and 2011, respectively. The Hospital experienced operating income of \$1,039,803 for fiscal year 2013, compared to operating loss of \$241,250 in 2012 and operating income of \$21,060 in 2011.

Required Financial Statements

The financial statements contained in this report are presented using Governmental Accounting Standards Board (GASB) accounting principles. These financial statements provide overall information about the Hospital's financial activities on both short-term and long-term basis. The statements of net position present information about its assets (resources) and liabilities (the amounts obligated to its creditors). The statements of revenue, expenses, and changes in net position present information about the current and prior year's activities in revenues and expenses. This statement also provides useful information for determining whether the Hospital's patient service revenue and other revenue sources were sufficient to allow the Hospital to recover all of its costs. The final required financial statement is the statement of cash flows which provides information about the Hospital's cash from operations, investing and financing activities. In addition, this statement provides useful information such as the source of cash flow, cash utilization, and the change in the cash balance during the reporting period.

Financial Analysis of the Hospital

The statement of net position and the statement of revenue, expenses and changes in net position report information about the Hospital's activities. These two statements report the net position of the Hospital and changes in it. Increases or decreases in the Hospital's net position are one indicator of whether its financial health is improving or deteriorating. However, other financial factors such as changes in the healthcare industry, changes in Medicare and Medicaid regulations, and changes in managed care contracting should also be considered.

Hospital Service District No. 3
Of the Parish of Allen, State of Louisiana
Allen Parish Hospital

Management's Discussion and Analysis

Net Position

A summary of the Hospital's Statements of Net Position are presented in Table 1 below:

TABLE 1
Condensed Statements of Net Position

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Total current assets	\$ 3,259,931	\$ 2,183,964	\$ 2,242,392	\$ 2,457,980
Capital assets, net	1,532,331	1,863,386	1,642,800	1,757,173
Assets whose use is limited	2,789	2,788	2,786	2,785
Other assets	<u>48,080</u>	<u>39,305</u>	<u>31,120</u>	<u>10,231</u>
Total assets	\$ <u>4,843,131</u>	\$ <u>4,089,443</u>	\$ <u>3,919,098</u>	\$ <u>4,228,169</u>
Total current liabilities	\$ 1,180,972	\$ 2,296,522	\$ 1,529,268	\$ 1,656,300
Long-term debt, net of current maturities	<u>1,303,861</u>	<u>420,667</u>	<u>716,483</u>	<u>858,855</u>
Total liabilities	2,484,833	2,717,189	2,245,751	2,515,155
Invested in capital assets, net of related debt	121,079	779,477	576,356	974,558
Restricted	2,789	2,788	2,786	2,785
Unrestricted	<u>2,234,430</u>	<u>589,989</u>	<u>1,094,205</u>	<u>735,671</u>
Total liabilities and net position	\$ <u>4,843,131</u>	\$ <u>4,089,443</u>	\$ <u>3,919,098</u>	\$ <u>4,228,169</u>

As referenced in Table 1, total assets increased by \$753,688 in 2013, compared to an increase of \$170,345 in 2012 and a decrease of \$309,071 in 2011. Cash and cash equivalents increased by \$1,405,255. Short-term investments remained unchanged. Capital asset additions in 2013 were \$50,330. Total liabilities decreased \$232,356 in 2013, compared to an increase of \$471,438 in 2012 and a decrease of \$269,404 in 2011. The current ratio for 2013 increased to 2.8, compared to 1.0 from 2012 and 1.5 from 2011.

Hospital Service District No. 3
Of the Parish of Allen, State of Louisiana
Allen Parish Hospital

Management's Discussion and Analysis

Summary of Revenue, Expenses and Changes in Net Position

The following table represents the Hospital's Statements of Revenue, Expenses and Changes in Net Position for the fiscal years ended June 30:

TABLE 2
Condensed Statements of Revenue, Expenses and Changes in Net Position

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Net patient service revenue	\$ 8,512,683	\$ 10,652,366	\$ 11,628,788	\$ 12,555,809
Maintenance taxes	675,002	643,765	615,676	618,081
Other revenue	<u>1,781,923</u>	<u>552,557</u>	<u>165,942</u>	<u>82,230</u>
Total operating revenues	<u>10,969,608</u>	<u>11,848,688</u>	<u>12,410,406</u>	<u>13,256,120</u>
Salaries and employee benefits	5,405,042	6,628,823	6,741,492	6,669,591
Supplies and other	1,878,261	2,118,494	2,221,765	2,239,636
Professional, mgt. and consulting fees	1,959,507	2,666,915	2,717,953	2,714,837
Insurance	305,607	325,193	315,496	339,915
Depreciation and amortization	<u>381,386</u>	<u>350,513</u>	<u>392,640</u>	<u>409,594</u>
Total operating expenses	<u>9,929,803</u>	<u>12,089,938</u>	<u>12,389,346</u>	<u>12,373,573</u>
Operating income (loss)	1,039,805	(241,250)	21,060	882,547
Nonoperating income (expenses)	<u>(53,761)</u>	<u>(59,843)</u>	<u>(60,727)</u>	<u>(74,303)</u>
Excess of revenue over expenses	986,044	(301,093)	(39,667)	808,244
Beginning net position	<u>1,372,254</u>	<u>1,673,347</u>	<u>1,713,014</u>	<u>904,770</u>
Ending net position	\$ <u><u>2,358,298</u></u>	\$ <u><u>1,372,254</u></u>	\$ <u><u>1,673,347</u></u>	\$ <u><u>1,713,014</u></u>

Sources of Revenues

Net Patient Service Revenue

During fiscal year 2012-2013, the Hospital derived the majority of its total revenue from patient services. Patient service revenue includes revenue from the Medicare and Medicaid programs and patients, or their third-party payors, who receive care in the Hospital's facilities. Reimbursement for the Medicare and Medicaid programs and the third-party payors is based upon established contracts. Total operating revenues decreased by \$879,080 in 2013. The decrease in revenue in 2013 was primarily due to a decline in volume of patients. During the year, provisions for bad debt decreased by \$224,680 versus an increase of \$135,778 in 2012 and a increase of \$149,317 in 2011. Contractual allowances decreased during fiscal year 2013 by \$2,212,301, compared to a \$76,766 decrease in 2012 and a \$1,200,760 increase in 2011.

Hospital Service District No. 3
Of the Parish of Allen, State of Louisiana
Allen Parish Hospital

Management's Discussion and Analysis

Sources of Revenues (Continued)

Other Revenue

Other revenue includes cafeteria sales, rental income, grant income and other miscellaneous services. The Hospital holds designated and restricted funds in its balance sheets that are primarily on demand savings accounts.

Table 3 presents the relative percentages of gross charges billed for patient services by payor for the fiscal years ended June 30:

TABLE 3
Payor Mix by Percentage

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Medicare	34.9%	29.3%	29.8%	29.9%
Medicaid	22.7%	32.2%	35.5%	35.1%
Commercial	27.6%	25.0%	21.1%	22.8%
Self-pay and other	<u>14.8%</u>	<u>13.5%</u>	<u>13.6%</u>	<u>12.2%</u>
Total patient revenue	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Operating and Financial Performance

The following summarizes the Hospital's Statements of Revenue, Expenses and Changes in Net Position between 2013, 2012 and 2011.

Patient discharges in 2013 decreased in acute by 309 from 2012. There was a decrease of 264 discharges in recovery unit (psychiatric) discharges in 2013. Observation acute short stays decreased by 135 in 2013 from 2012. Patient days decreased 22% to 6,517 from 8,364 with an increase in patient average length of stay in 2013. The average length of stay for acute patients increased during the past year to 3.78 days, compared to 2.97 days in 2012 and 3.09 in 2011. The average length of stay for skilled care patients increased to 17.4 in 2013 from 14.7 days in 2012 and 17.4 days in 2011. Length of stay for psychiatric care during 2013 was 9.6 compared to 8.7 days in 2012 and 9.4 days in 2011. Total net patient service revenue decreased by \$2,139,683 or 20.1% in 2013, as compared to a decrease of \$976,422 in 2012 and a decrease of \$927,021 in 2011.

Net days in accounts receivable decreased to 43.9 days in 2013 compared to 48.5 days in 2012 and 45.0 days in 2011.

Employee related expenses decreased 18.5% in 2013. The Hospital's management reduced staff in every department during fiscal year 2013 causing the decrease in employee related expenses. As a percentage of net patient service revenue, these expenses are 63.5%, 62.2%, 58.0% in 2013, 2012, and 2011, respectively.

Hospital Service District No. 3
Of the Parish of Allen, State of Louisiana
Allen Parish Hospital

Management's Discussion and Analysis

Operating and Financial Performance (Continued)

Supplies and other expenses decreased by \$240,233 in 2013 compared to a \$103,271 decrease in 2012 and a decrease of \$17,871 in 2011. Supplies and other expenses change with the volume of patient services. The Hospital focuses on appropriately managing supply contracts to improve in supply cost management.

Professional, management and consulting fees decreased in 2013 by \$707,408 compared to a decrease of \$51,038 and an increase of \$3,116 for 2012 and 2011, respectively. Contract radiology and ER staffing was reduced in 2013 by 40.6% or \$530,182.

Insurance expense decreased by \$19,586 compared to an increase of \$9,697 in 2012 and a decrease of \$24,419 in 2011.

Depreciation and amortization expense increased \$30,873 in 2013 compared to a decrease of \$42,127 and a decrease of \$16,954 in 2012 and 2011, respectively.

Interest expense decreased \$6,376 or 10.5% in 2013 compared to a decrease of \$1,708 or 2.7% in 2012 and an decrease of \$14,035 or 18.3% in 2011. The fluctuations in interest expense over the last three years are directly related to the financing activity by the Hospital within the respective fiscal year.

Maintenance tax income increased \$31,237 or 4.9% in 2013, compared to an increase of \$28,089 or 4.6% and a decrease of \$2,405 or .4% in 2012 and 2011, respectively.

Other operating revenue increased \$1,229,366 in 2013, compared to an increase of \$386,615 in fiscal year 2012, and an increase of \$83,712 in fiscal year 2011. The increase in 2013 was attributable to the Hospital receiving a grant from Medicare and Medicaid for improving its electronic health records.

Hospital Service District No. 3
Of the Parish of Allen, State of Louisiana
Allen Parish Hospital

Management's Discussion and Analysis

Capital Assets

The Hospital's capital assets activities are included in Table 4 below:

TABLE 4
Capital Assets

	<u>2013</u>		<u>2012</u>		<u>2011</u>		<u>2010</u>
Land and land improvements	\$ 124,480	\$	124,480	\$	124,480	\$	124,480
Buildings	2,030,509		2,030,509		1,979,042		1,979,042
Fixed equipment	277,266		277,266		277,266		254,266
Major movable equipment	<u>4,394,448</u>		<u>4,395,199</u>		<u>3,959,676</u>		<u>3,890,874</u>
Totals at historical cost	6,826,703		6,827,454		6,340,464		6,248,662
Less accumulated depreciation and amortization	<u>5,294,372</u>		<u>4,964,068</u>		<u>4,697,664</u>		<u>4,491,490</u>
Net capital assets	\$ <u>1,532,331</u>	\$	<u>1,863,386</u>	\$	<u>1,642,800</u>	\$	<u>1,757,172</u>

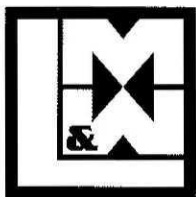
Major movable equipment and buildings additions in the amount of \$50,330 were for replacement equipment or equipment upgrades in 2013. The Hospital declared surplus and disposed of several items with a total of \$51,081.

Long-Term Debt

At year-end, the Hospital had \$1,411,252 in debt compared to \$1,083,909 on June 30, 2012 and \$1,066,444 on June 30, 2011. More detailed information about the Hospital's long-term liabilities is presented in the notes to financial statements.

Contacting the Hospital's Financial Manager

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Hospital's finances and to demonstrate the Hospital's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Hospital administration.



LESTER, MILLER & WELLS

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Hospital Service District No. 3
Parish of Allen, State of Louisiana
Kinder, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Hospital Service District No. 3, Parish of Allen, State of Louisiana, Allen Parish Hospital (the Hospital), a component unit of the Allen Parish Police Jury, as of and for the years ended June 30, 2013, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hospital Service District No. 3, Parish of Allen, Allen Parish Hospital (the Hospital) as of June 30, 2013, 2012 and 2011, and the respective changes in net position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis pages "i" through "vi" be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Hospital's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



Board of Commissioners
Hospital Service District No. 3
Parish of Allen, State of Louisiana
Kinder, Louisiana
Page Three

Other Reporting Required by Governmental Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 12, 2013, on our consideration of the Hospital's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Hospital's internal control over financial reporting and compliance.

Lester, Miller & Wells

Certified Public Accountants
Alexandria, Louisiana

November 12, 2013



Allen Parish Hospital
Statements of Net Position
June 30,

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Assets			
Current assets:			
Cash and cash equivalents (Note 3)	\$ 1,752,017	\$ 346,762	\$ 320,269
Short-term investments (Note 3)	-0-	-0-	166,340
Patient accounts receivable, net of estimated uncollectibles (Note 4)	1,025,642	1,415,333	1,435,139
Estimated third-party payor settlements	221,420	118,351	-0-
Inventory	202,678	248,907	250,427
Prepaid expenses	<u>58,174</u>	<u>54,611</u>	<u>70,217</u>
 Total current assets	 <u>3,259,931</u>	 <u>2,183,964</u>	 <u>2,242,392</u>
 Capital assets, net (Note 5)	 1,532,331	 1,863,386	 1,642,800
Assets whose use is limited (Note 6)	2,789	2,788	2,786
Other assets	<u>48,080</u>	<u>39,305</u>	<u>31,120</u>
 Total assets	 \$ <u>4,843,131</u>	 \$ <u>4,089,443</u>	 \$ <u>3,919,098</u>
 Liabilities and Net Position			
Current liabilities:			
Accounts payable	\$ 344,564	\$ 800,490	\$ 481,722
Accrued expenses (Note 7)	307,753	393,077	371,497
Estimated third-party payor settlements	421,264	439,713	326,088
Current maturities of long-term debt (Note 8)	<u>107,391</u>	<u>663,242</u>	<u>349,961</u>
 Total current liabilities	 <u>1,180,972</u>	 <u>2,296,522</u>	 <u>1,529,268</u>
 Long-term debt, net of current maturities (Note 8)	 <u>1,303,861</u>	 <u>420,667</u>	 <u>716,483</u>
 Total liabilities	 <u>2,484,833</u>	 <u>2,717,189</u>	 <u>2,245,751</u>
 Net position:			
Invested in capital assets, net of related debt	121,079	779,477	576,356
Restricted	2,789	2,788	2,786
Unrestricted	<u>2,234,430</u>	<u>589,989</u>	<u>1,094,205</u>
 Total net position	 <u>2,358,298</u>	 <u>1,372,254</u>	 <u>1,673,347</u>
 Total liabilities and net position	 \$ <u>4,843,131</u>	 \$ <u>4,089,443</u>	 \$ <u>3,919,098</u>

See accompanying notes to financial statements.

Allen Parish Hospital
Statements of Revenue, Expenses and Changes in Net Position
Years Ended June 30,

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Operating revenues:			
Net patient service revenue	\$ 8,512,683	\$ 10,652,366	\$ 11,628,788
Grant income	1,694,913	461,891	96,855
Maintenance taxes	675,002	643,765	615,676
Other	<u>87,010</u>	<u>90,666</u>	<u>69,087</u>
Total operating revenues	<u>10,969,608</u>	<u>11,848,688</u>	<u>12,410,406</u>
Operating expenses:			
Salaries and benefits	5,405,042	6,628,823	6,741,492
Medical supplies and drugs	612,876	724,728	844,027
Supplies	477,339	503,610	558,681
Professional, management and consulting fees	1,959,507	2,666,915	2,717,953
Other expenses	788,046	890,156	819,057
Insurance	305,607	325,193	315,496
Depreciation and amortization	<u>381,386</u>	<u>350,513</u>	<u>392,640</u>
Total operating expenses	<u>9,929,803</u>	<u>12,089,938</u>	<u>12,389,346</u>
Operating income (loss)	1,039,805	(241,250)	21,060
Nonoperating revenues (expenses):			
Interest income	774	1,068	1,292
Interest expense	(54,535)	(60,911)	(62,619)
Gain (loss) on disposal of asset	<u>-0-</u>	<u>-0-</u>	<u>600</u>
Changes in net position	986,044	(301,093)	(39,667)
Beginning net position	<u>1,372,254</u>	<u>1,673,347</u>	<u>1,713,014</u>
Ending net position	\$ <u>2,358,298</u>	\$ <u>1,372,254</u>	\$ <u>1,673,347</u>

See accompanying notes to financial statements.

Allen Parish Hospital
Statements of Cash Flows
Years Ended June 30,

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:			
Cash received from patients and third-party payors	\$ 8,780,856	\$ 10,667,446	\$ 11,791,222
Other operating cash receipts	2,456,925	1,196,322	781,618
Cash paid to suppliers	(4,556,633)	(4,774,708)	(5,257,794)
Cash paid to employees and for employee benefits	<u>(5,490,366)</u>	<u>(6,607,243)</u>	<u>(6,772,856)</u>
Net cash provided (used) by operating activities	<u>1,190,782</u>	<u>481,817</u>	<u>542,190</u>
Cash flows from investing activities:			
Interest on investments	774	1,068	1,292
Other assets	(8,775)	(8,185)	(20,889)
Proceeds from sale of certificates of deposit	-0-	166,340	-0-
Cash invested in certificates of deposit	<u>-0-</u>	<u>-0-</u>	<u>(829)</u>
Net cash provided (used) by investing activities	<u>(8,001)</u>	<u>159,223</u>	<u>(20,426)</u>
Cash flows from noncapital financing activities:			
Principal payments on short-term debt	(405,325)	(400,000)	(200,000)
Proceeds from short-term debt	40,000	765,325	200,000
Proceeds from long-term debt	<u>1,000,000</u>	<u>-0-</u>	<u>-0-</u>
Net cash provided (used) by noncapital financing activities	<u>634,675</u>	<u>365,325</u>	<u>-0-</u>
Cash flows from capital and related financing activities:			
Principal payments on long-term debt	(307,335)	(347,860)	(386,615)
Interest expense on long-term debt	(54,535)	(60,911)	(62,619)
Assets whose use is limited	(1)	(2)	(1)
Cash proceeds from sale of assets	-0-	-0-	600
Acquisition of capital assets	<u>(50,330)</u>	<u>(571,099)</u>	<u>(63,949)</u>
Net cash provided (used) by capital and related financing activities	<u>(412,201)</u>	<u>(979,872)</u>	<u>(512,584)</u>
Net increase (decrease) in cash and cash equivalents	1,405,255	26,493	9,180
Cash and cash equivalents, beginning of year	<u>346,762</u>	<u>320,269</u>	<u>311,089</u>
Cash and cash equivalents, end of year	\$ <u>1,752,017</u>	\$ <u>346,762</u>	\$ <u>320,269</u>

See accompanying notes to financial statements.

Allen Parish Hospital
Statements of Cash Flows (Continued)
Years Ended June 30,

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Reconciliation of income from operations to net cash provided by operating activities:			
Operating income (loss)	\$ 1,039,805	\$ (241,250)	\$ 21,060
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	381,386	350,513	392,640
Changes in:			
Patient accounts receivable	389,691	19,806	212,851
Estimated third-party payor settlements	(103,069)	(118,351)	-0-
Inventory	46,229	1,520	4,681
Prepaid expenses	(3,563)	15,606	8,065
Accounts payable	(455,924)	318,768	(15,326)
Accrued expenses	(85,324)	21,580	(31,364)
Estimated third-party payor settlements	<u>(18,449)</u>	<u>113,625</u>	<u>(50,417)</u>
Net cash provided (used) by operating activities	\$ <u>1,190,782</u>	\$ <u>481,817</u>	\$ <u>542,190</u>
Supplemental disclosures of cash flow information:			
Cash paid during the period for interest	\$ <u>54,228</u>	\$ <u>63,351</u>	\$ <u>64,886</u>
Equipment acquired under capital lease	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>214,318</u>

See accompanying notes to financial statements.

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2013, 2012 and 2011

NOTE 1 - ORGANIZATION AND OPERATIONS

Legal Organization

The Allen Parish Hospital Service District No. 3 (the "Hospital" or the "District") was created by an ordinance of the Allen Parish Police Jury.

The Hospital is a political subdivision of the Allen Parish Police Jury whose jurors are elected officials. The Hospital's commissioners are appointed by the Allen Parish Police Jury. As the governing authority of the Parish, for reporting purposes, the Allen Parish Police Jury is the financial reporting entity for the Hospital. Accordingly, the Hospital was determined to be a component unit of the Allen Parish Police Jury based on Statement No. 14 of the National Committee on Governmental Accounting. The accompanying financial statements present information only on the funds maintained by the governmental services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

Nature of Business

The District provides acute and psychiatric inpatient services, skilled nursing (through "swing-beds"), emergency, home health, and outpatient services, including a rural health clinic and a private physician clinic. The emergency room closed March 1, 2013.

Hospital Land

The land on which the Hospital was built was donated by Powell Lumber Company to Allen Parish Hospital Service District No. 3. The donation was made with the restriction that the land is to be used primarily as a site for a public hospital and should the donee or their successors or assignees fail to use the land for a public hospital, the title shall revert to Powell Lumber Company.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Enterprise Fund

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Basis of Accounting

The Hospital uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of deposits in checking, money market accounts and certificates of deposit with original maturities of 90 days or less. Certificates of deposit with original maturities of more than 90 days are classified as short-term investments. Cash and cash equivalents and short-term investments are stated at cost, which approximates market value. The caption "cash and cash equivalents" does not include amounts whose use is limited or temporary cash investments.

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2013, 2012 and 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Credit Risk

The District provides medical care primarily to Allen Parish residents and grants credit to patients substantially all of whom are local residents. The Hospital's estimate of collectibility is based on evaluation of historical collections compared to gross charges and an analysis of aged accounts receivable to establish an allowance for uncollectible accounts.

Significant Concentration of Economic Dependence

The Hospital has an economic dependence on a small number of staff physicians who admit over 90% of the Hospital's patients. The Hospital also has an economic dependence on Medicare and Medicaid as sources of payments as shown in the table in Note 10. Changes in federal or state legislation or interpretations of rules have a significant impact on the Hospital.

Net Patient Service Revenue

The Hospital has entered into agreements with third-party payors, including government programs, health insurance companies, and managed care health plans, under which the Hospital is paid based upon established charges, the cost of providing services, predetermined rates per diagnosis, fixed per diem rates, or discounts from established charges.

Revenues are recorded at estimated amounts due from patients and third-party payors for the hospital services provided. Settlements under reimbursement agreements with third-party payors are estimated and recorded in the period the related services are rendered and are adjusted in future periods as final settlements are determined.

Patient Accounts Receivable

Patient accounts receivable are carried at a net amount determined by the original charge for the services provided, less an estimate for contractual adjustments or discounts provided to the third party payors, less any payments received and less an estimated allowance for doubtful accounts. Management determines the allowance for doubtful accounts by utilizing a historical experience applied to an aging of accounts. Patient account receivables are written off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written off as bad debt expenses are recorded as a reduction of bad debt expense when received.

Inventory

Inventories are stated at the lower of cost, determined by the first-in, first-out method, or market basis.

Income Taxes

The entity is a political subdivision and exempt from taxation.

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2013, 2012 and 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are recorded at cost for purchased assets or at fair market value on the date of any donation. The Hospital uses straight-line depreciation for financial reporting and third-party reimbursement. The following estimated useful lives are generally used.

Buildings	12 to 40 years
Machinery and Equipment	3 to 20 years
Furniture and Fixtures	3 to 20 years

Expenditures for additions, major renewals and betterments are capitalized and expenditures for maintenance and repairs are charged to operations as incurred. The cost of assets retired or otherwise disposed of and related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposals are currently credited or charged to nonoperating revenue.

Net Position

The District classifies net position into three components: invested in capital assets, net of related debt; restricted and unrestricted. Invested in capital assets, net of related debt consist of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted consists of assets that have constraints that are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Restricted non expendable net assets equal the principal portion of permanent endowments. Unrestricted are remaining net assets that do not meet the definition of invested in capital assets net of related debt or restricted.

Revenue and Expenses

The Hospital's statements of revenues, expenses and changes in net assets distinguish between operating and non operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services – the Hospital's principal activity. Operating revenue also includes ad valorem taxes passed to provide the District with revenue to operate and maintain the District. Nonexchange revenues are reported as non operating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Grants and Contributions

From time to time, the District receives grants and contributions from individuals or private and public organizations. Revenues from grants and contributions, including contributions of capital assets, are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non operating revenues. Amounts restricted to capital acquisitions are reported after non operating revenues and expenses.

Restricted Revenues

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2013, 2012 and 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year classification.

Risk Management

The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health and dental benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

NOTE 3 - DEPOSITS AND INVESTMENTS

Investing is performed in accordance with investment policies complying with state statutes. Funds may be invested in direct obligations of the United States Government and its agencies pledged by its full faith and credit, certificates of deposit and savings accounts which are secured by FDIC or pledge of securities, and government backed mutual or trust funds.

Custodial Credit Risk - Custodial credit risk for deposits is the risk that in the event of bank failure, the Hospital's deposits may not be returned to it. Louisiana state statutes require that all of the deposits of the Hospital be protected by insurance or collateral. The fair value of the collateral pledged must equal 100% of the deposits not covered by insurance. The Hospital's deposits were entirely insured or entirely collateralized by securities held by the pledged bank's trust department in the Hospital's name at June 30, 2013, 2012, and 2011.

Interest Rate Risk - Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater is the sensitivity of its fair value to changes in the market interest rates. The Hospital does not have an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2013, 2012 and 2011

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

The carrying amounts of deposits and investments are included in the Hospital's balance sheets as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Carrying amount			
Deposits	\$ 1,754,806	\$ 349,550	\$ 323,055
Investments	<u>-0-</u>	<u>-0-</u>	<u>166,340</u>
	\$ <u>1,754,806</u>	\$ <u>349,550</u>	\$ <u>489,395</u>
Included in the following balance sheet captions			
Cash and cash equivalents	\$ 1,752,017	\$ 346,762	\$ 320,269
Short-term investments	<u>-0-</u>	<u>-0-</u>	<u>166,340</u>
Assets whose use is limited	<u>2,789</u>	<u>2,788</u>	<u>2,786</u>
	\$ <u>1,754,806</u>	\$ <u>349,550</u>	\$ <u>489,395</u>

Account balances according to bank's records at June 30, 2013, for the Hospital are as follows:

	<u>Jeff Davis Bank</u>	<u>Sabine Bank</u>
Cash in bank	\$ <u>1,528,782</u>	\$ <u>270,420</u>
Insured by FDIC	\$ <u>250,000</u>	\$ <u>250,000</u>
Collateralization by fair market value	\$ <u>1,278,782</u>	\$ <u>20,420</u>
Uncollateralized	\$ <u>-0-</u>	\$ <u>-0-</u>

NOTE 4 - ACCOUNTS RECEIVABLE

A summary of accounts receivable is presented below:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Patients	\$ 3,011,705	\$ 3,676,555	\$ 3,446,562
Estimated allowances for uncollectibles	<u>(1,986,063)</u>	<u>(2,261,222)</u>	<u>(2,011,423)</u>
Net accounts receivable	\$ <u>1,025,642</u>	\$ <u>1,415,333</u>	\$ <u>1,435,139</u>

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2013, 2012 and 2011

NOTE 4 - ACCOUNTS RECEIVABLE (Continued)

The following is a summary of the mix of receivables from patients and third-party payors at June 30:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Medicare	11%	11%	17%
Medicaid	15%	12%	14%
Commercial and other third-party payors	34%	16%	27%
Self pay	<u>40%</u>	<u>61%</u>	<u>42%</u>
	<u>100%</u>	<u>100%</u>	<u>100%</u>

NOTE 5 - CAPITAL ASSETS

The following is a summary of capital assets and related accumulated depreciation at June 30:

	<u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2013</u>
Land	\$ 19,550	\$ -0-	\$ -0-	\$ 19,550
Land improvements	104,930	-0-	-0-	104,930
Buildings	2,030,509	-0-	-0-	2,030,509
Fixed equipment	277,266	-0-	-0-	277,266
Major movable equipment	4,365,573	50,330	51,081	4,364,822
Leasehold improvements	<u>29,626</u>	<u>-0-</u>	<u>-0-</u>	<u>29,626</u>
Totals at historical cost	6,827,454	50,330	51,081	6,826,703
Accumulated depreciation	<u>4,964,068</u>	<u>381,385</u>	<u>51,081</u>	<u>5,294,372</u>
Net	\$ <u>1,863,386</u>	\$ <u>(331,055)</u>	\$ <u>-0-</u>	\$ <u>1,532,331</u>
	<u>June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2012</u>
Land	\$ 19,550	\$ -0-	\$ -0-	\$ 19,550
Land improvements	104,930	-0-	-0-	104,930
Buildings	1,979,042	51,467	-0-	2,030,509
Fixed equipment	277,266	-0-	-0-	277,266
Major movable equipment	3,930,050	519,632	84,109	4,365,573
Leasehold improvements	<u>29,626</u>	<u>-0-</u>	<u>-0-</u>	<u>29,626</u>
Totals at historical cost	6,340,464	571,099	84,109	6,827,454
Accumulated depreciation	<u>4,697,664</u>	<u>350,513</u>	<u>84,109</u>	<u>4,964,068</u>
Net	\$ <u>1,642,800</u>	\$ <u>220,586</u>	\$ <u>-0-</u>	\$ <u>1,863,386</u>

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2013, 2012 and 2011

NOTE 5 - CAPITAL ASSETS (Continued)

	<u>June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2011</u>
Land	\$ 19,550	\$ -0-	\$ -0-	\$ 19,550
Land improvements	104,930	-0-	-0-	104,930
Buildings	1,979,042	-0-	-0-	1,979,042
Fixed equipment	254,266	23,000	-0-	277,266
Major movable equipment	3,861,249	257,283	188,482	3,930,050
Leasehold improvements	<u>29,626</u>	<u>-0-</u>	<u>-0-</u>	<u>29,626</u>
Totals at historical cost	6,248,663	280,283	188,482	6,340,464
Accumulated depreciation	<u>4,491,490</u>	<u>394,656</u>	<u>188,482</u>	<u>4,697,664</u>
Net	\$ <u>1,757,173</u>	\$ <u>(114,373)</u>	\$ <u>-0-</u>	\$ <u>1,642,800</u>

A summary of assets held under capital leases, which are included in capital assets, at June 30 follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Equipment	\$ 637,740	\$ 1,111,078	\$ 1,235,523
Accumulated depreciation	<u>343,089</u>	<u>732,518</u>	<u>666,053</u>
Total	\$ <u>294,651</u>	\$ <u>378,560</u>	\$ <u>569,470</u>

NOTE 6 - ASSETS WHOSE USE IS LIMITED

The following assets are restricted as to use as designated below:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Restricted by third parties:			
Series 2003 proceeds to be disbursed	\$ <u>2,789</u>	\$ <u>2,788</u>	\$ <u>2,786</u>

NOTE 7 - COMPENSATED ABSENCES

Employees of the Hospital are entitled to paid time off and sick days depending on length of service. Employees may accumulate paid time off and sick leave up to a specified maximum depending on years of service. The Hospital charged operations for accrued paid time off and vested sick pay of \$142,034, \$196,272 and \$185,915 in 2013, 2012 and 2011, respectively. It is impracticable to estimate the amount of compensation for future unvested sick pay and, accordingly, no liability has been recorded in the accompanying financial statements. The Hospital's policy is to recognize the cost of unvested sick pay when actually paid to employees.

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2013, 2012 and 2011

NOTE 8 - LONG-TERM DEBT

A summary of long-term debt, including capital lease obligations, at June 30 follows:

	June 30, <u>2012</u>	<u>Additions</u>	<u>Payments</u>	June 30, <u>2013</u>	Due Within <u>One Year</u>
Series 2011 anticipation note	\$ 365,325	\$ 40,000	\$ 405,325	\$ -0-	\$ -0-
Series 2012 bonds	-0-	1,000,000	-0-	1,000,000	-0-
Series 2007 bonds	235,000	-0-	17,000	218,000	17,000
Series 2003 bonds	180,000	-0-	180,000	-0-	-0-
Capital lease obligations	<u>303,584</u>	<u>-0-</u>	<u>110,332</u>	<u>193,252</u>	<u>90,391</u>
Total	\$ <u>1,083,909</u>	\$ <u>1,040,000</u>	\$ <u>712,657</u>	\$ <u>1,411,252</u>	\$ <u>107,391</u>

	June 30, <u>2011</u>	<u>Additions</u>	<u>Payments</u>	June 30, <u>2012</u>	Due Within <u>One Year</u>
Series 2010 anticipation note	\$ -0-	\$ 765,325	\$ 400,000	\$ 365,325	\$ 365,325
Series 2007 bonds	252,000	-0-	17,000	235,000	17,000
Series 2003 bonds	350,000	-0-	170,000	180,000	180,000
Note payable - unsecured	4,924	-0-	4,924	-0-	-0-
Capital lease obligations	<u>459,520</u>	<u>-0-</u>	<u>155,936</u>	<u>303,584</u>	<u>100,917</u>
Total	\$ <u>1,066,444</u>	\$ <u>765,325</u>	\$ <u>747,860</u>	\$ <u>1,083,909</u>	\$ <u>663,242</u>

	June 30, <u>2010</u>	<u>Additions</u>	<u>Payments</u>	June 30, <u>2011</u>	Due Within <u>One Year</u>
Series 2009 anticipation note	\$ -0-	\$ 200,000	\$ 200,000	\$ -0-	\$ -0-
Series 2007 bonds	268,000	-0-	16,000	252,000	17,000
Series 2003 bonds	515,000	-0-	165,000	350,000	170,000
Note payable - unsecured	15,023	-0-	10,099	4,924	4,924
Capital lease obligations	<u>440,718</u>	<u>214,318</u>	<u>195,516</u>	<u>459,520</u>	<u>158,037</u>
Total	\$ <u>1,238,741</u>	\$ <u>414,318</u>	\$ <u>586,615</u>	\$ <u>1,066,444</u>	\$ <u>349,961</u>

The following are the terms and due dates of the Hospital's long-term debt at June 30:

- Series 2011 Revenue Anticipation Notes, at an interest rate of 2.95%, due in one installment on May 1, 2013, secured by a pledge of tax and other revenues.
- Series 2012 Hospital Improvement Bonds, at a variable interest rate not to exceed 6.00%, due in variable annual installments with full repayment at November 1, 2019, secured by a pledge of tax revenues and excess revenues from Hospital patient account receivables.

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2013, 2012 and 2011

NOTE 8 - LONG-TERM DEBT (Continued)

- Series 2007 Hospital Improvement Bonds, at a variable interest rate not to exceed 5.00%, due in variable semi-annual installments with full repayment at August 1, 2022, secured by a pledge of tax revenues.
- Series 2003 Certificate of Indebtedness, at a variable interest rate not to exceed 4.3%, due in variable annual installments with full repayment at March 1, 2013, secured by a pledge of tax revenues.
- Unsecured notes payable at 9.0%, due in monthly payments of \$1,000 with the first two payments including balloon payments of \$4,000 with the total due September 11, 2011.
- Capital leases at varying rates of imputed interest from 5.17% to 9.94%, with total monthly payments ranging from \$854 to \$2,547 until 2016, collateralized by leased equipment with a net book value of \$294,651 at June 30, 2013.

Scheduled principal and interest payments on long-term debt and payments on capital obligations are as follows:

Year Ending June 30,	<u>Long-Term Debt</u>		<u>Capital Lease Obligation</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 17,000	\$ 43,847	\$ 90,391	\$ 10,961
2015	165,000	43,927	65,592	4,796
2016	173,000	41,287	37,269	1,209
2017	182,000	36,657	-0-	-0-
2018	191,000	29,965	-0-	-0-
2019 - 2023	<u>490,000</u>	<u>46,091</u>	<u>-0-</u>	<u>-0-</u>
Totals	\$ <u>1,218,000</u>	\$ <u>241,774</u>	\$ <u>193,252</u>	\$ <u>16,966</u>

The assets and liabilities under capital leases are recorded at the fair value of the asset. The assets are depreciated over their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense.

NOTE 9 - RETIREMENT PLAN

On February 9, 2004, the Hospital elected to participate in the State of Louisiana's Public Employees Deferred Compensation Plan, which is a defined contribution plan. The plan was established in accordance with R.S. 42:1301-1308, and Section 457 of the *Internal Revenue Code of 1986*, as amended. At June 30, 2013, 2012 and 2011 there were 47, 47 and 43 plan members, respectively. Employees are eligible to participate in the plan beginning on the date of hire, with a minimum contribution of \$10 per month, up to 100% of compensation, for those under age 50 not to exceed \$17,500, \$17,000 and \$16,500 in 2013, 2012 and 2011, respectively, for those 50 or older \$23,000, \$22,500 and \$22,000 are the contribution limits for 2013, 2012 and 2011, respectively. The Hospital has elected to contribute 1% of the participating employees' pay. The Hospital holds all rights to change and/or stop its contribution at any time. Employees are immediately vested in employer and employee contributions. The Hospital's contribution was \$13,408, \$20,630 and \$23,578 for the years ended June 30, 2013, 2012 and 2011, respectively. Employees contributed \$78,802, \$123,327 and \$103,411 for the years ended June 30, 2013, 2012 and 2011, respectively.

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2013, 2012 and 2011

NOTE 10 - PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows.

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Hospital qualified for a Medicare low volume add-on for inpatient payments. These payments are effective for discharges occurring October 1, 2010 until September 30, 2013, if not extended by Congress. The additional payments received under the Medicare low volume add-on were \$100,856, \$109,807 and \$159,266 for the years ended June 30, 2013, 2012, and 2011, respectively. The rural health clinic is paid on a cost based methodology. Certain outpatient services related to Medicare beneficiaries are paid based on a set fee per diagnosis, with a hold harmless provision for partial cost reimbursement for some of these services until December 31, 2012. The additional payments received under the hold harmless provision were \$99,969, \$130,134 and \$120,784 for the years ended June 30, 2013, 2012 and 2011, respectively. Swing bed services are reimbursed based on a prospectively determined rate per patient day based on clinical, diagnostic, and other factors. Inpatient psychiatric services are reimbursed based upon a prospective methodology based upon length of stay, diagnosis, and other factors.

Medicaid - Inpatient acute and psychiatric services are reimbursed based on a prospectively determined per diem rate. Rural health clinics are paid on a cost based methodology. Some outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology, while others are paid prospectively based on a fee schedule. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary.

Commercial - The Hospital also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. Payment methods under these agreements include prospectively determined rates per discharge, discounts from established charges, and prospectively determined per diem rates.

The following is a summary of the Hospital's net patient service revenue for the year ended June 30:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Gross patient service charges	\$ 16,302,518	\$ 20,920,924	\$ 21,903,412
Contractual allowances	(4,925,143)	(7,137,444)	(7,214,210)
Discounts	(170,215)	(150,520)	(155,303)
Free care	(21,099)	(156,757)	(95,681)
Professional fee revenue	47,150	121,371	-0-
Provision for bad debts	<u>(2,720,528)</u>	<u>(2,945,208)</u>	<u>(2,809,430)</u>
Net patient service revenue	\$ <u>8,512,683</u>	\$ <u>10,652,366</u>	\$ <u>11,628,788</u>

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2013, 2012 and 2011

NOTE 10 - PATIENT SERVICE REVENUE (Continued)

The Hospital generated a substantial portion of its charges from Medicare and Medicaid programs at discounted rates. The following is a summary of gross Medicare and Medicaid patient charges:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Medicare and Medicaid gross patient charges	\$ 9,270,225	\$ 12,862,682	\$ 14,299,117
Contractual adjustments	<u>(3,412,939)</u>	<u>(5,040,492)</u>	<u>(5,149,500)</u>
Program patient service revenue without Medicaid UCC	\$ <u>5,857,286</u>	\$ <u>7,822,190</u>	\$ <u>9,149,617</u>
Percent of total gross patient charges	<u>57%</u>	<u>61%</u>	<u>65%</u>
Percent of total net patient revenue	<u>69%</u>	<u>73%</u>	<u>79%</u>

NOTE 11 - PROFESSIONAL LIABILITY RISK

The Hospital participates in the Louisiana Patient's Compensation Fund established by the State of Louisiana to provide medical professional liability coverage to healthcare providers. The fund provides for \$400,000 in coverage per occurrence above the first \$100,000 per occurrence for which the Hospital is at risk. The fund places no limitation on the number of occurrences covered. In connection with the establishment of the Patient's Compensation Fund ("PCF"), the State of Louisiana enacted legislation limiting the amount of healthcare provider settlement for professional liability to \$100,000 per occurrence and limiting the PCF's exposure to \$400,000 per occurrence.

The Hospital has acquired additional coverage for professional medical malpractice liability through a private insurance carrier by purchasing a claims-made policy.

NOTE 12 - CONTINGENCIES

The Hospital evaluates contingencies based upon the best available evidence. The Hospital believes that no allowances for loss contingencies are considered necessary. To the extent that resolution of contingencies results in amounts which vary from the Hospital's estimates, future earnings will be charged or credited.

The principal contingencies are described below:

Governmental Third-Party Reimbursement Programs (Note 10) - The Hospital is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retroactive changes in interpretations applying statutes, regulations and general instructions of those programs. The amount of such adjustments cannot be determined. Further, in order to continue receiving reimbursement from the Medicare program, the Hospital entered into an agreement with a government agent allowing the agent access to the Hospital's Medicare patient medical records for purposes of making medical necessity and appropriate level of care determinations. The agent has the ability to deny reimbursement for Medicare patient claims which have already been paid to the Hospital.

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2013, 2012 and 2011

NOTE 12 - CONTINGENCIES (Continued)

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participating requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Hospital is in compliance with fraud and abuse statutes as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

Professional Liability Risk (Note 11) - The Hospital is contingently liable for losses from professional liability not underwritten by the Louisiana Patient's Compensation Fund.

Litigation and Other Matters - The Hospital is a defendant in a lawsuit filed by one of its service providers for alleged breach of contract. The suit asks for actual damages of \$52,191. The Hospital's legal counsel has estimated potential liability exposure of \$45,000, which has been charged to operations in the accompanying financial statement for 2013. The ultimate loss to the Hospital, if any, may equal the amount of damages sought by the plaintiff. Various other claims in the ordinary course of business are pending against the Hospital. In the opinion of management and counsel, insurance is sufficient to cover adverse legal determinations in those cases where a liability can be measured.

NOTE 13 - AD VALOREM TAXES

The Hospital levies two property taxes on all property subject to taxation in the service district. The three mills tax was imposed for ten years, beginning with the year 2007 and ending with the year 2016. The twelve mills tax runs for a period of ten years, beginning with the year 2003 and ending with the year 2012, subsequently renewed for another ten years ending with the year 2022. Property taxes are collected through the local sheriff's office and remitted, net of collection fees, to the Hospital. Property tax notices are mailed by November 5 each year and are due by December 31. The lien date is January 31.

NOTE 14 - CHARITY CARE

The Hospital provides charity care to patients who are financially unable to pay for part or all of the healthcare services they receive. The patient will either qualify for 100% of the charity care or owe a reduced "sliding scale" amount based on the patient's level of income in comparison to the Federal Poverty Guidelines based on a 150% scale. Accordingly, the Hospital does not report the amount it expects not to collect in net operating revenues or in the allowance for doubtful accounts. The Hospital determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including wages and related benefits, supplies and other operating expenses. Amounts identified as charity care charges were \$21,099, \$156,757 and \$95,681, for the years then ended June 30, 2013, 2012 and 2011, respectively. The costs related to the charity care charges were approximately \$48,000, \$29,000 and \$34,000, for the fiscal years ended in 2013, 2012 and 2011, respectively. Funds received through UCC and grants, which pay part of the cost of charity and uninsured care, were approximately \$-0-, \$-0-, and \$-0- for the years ended June 30, 2013, 2012 and 2011, respectively.

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2013, 2012 and 2011

NOTE 15 - GRANTS

The District received a grant of \$262,169 and \$20,000 in 2013 and 2011, respectively, to be used solely to provide adequate and essential medically necessary healthcare services to the citizens in its community who are low income and/or indigent patients. As a condition of the grant agreement, the District, along with the other participating hospitals, has agreed to indemnify the grantors for claims that may arise out of this grant agreement.

The District recognized operating grant income of approximately \$318,000 and \$1,080,000 for Medicaid and Medicare, respectively, during the year ended June 30, 2013, as an incentive for implementing electronic health records (EHR). The key component of receiving the EHR incentive payment is "demonstrating meaningful use", which is meeting a series of objectives that make use of an EHR's potential related to the improvement of quality, efficiency and patient safety. The Centers for Medicare and Medicaid has indicated that demonstrating meaningful use will be phased in during the next few years in three stages, with each progressive stage incorporating more stringent measures. The District's policy is to record the incentive payments once various stages have been met rather than recognizing ratably throughout the attestation period. In order to receive the incentive payments under each stage, a hospital must attest through a secure mechanism that they have met the meaningful use criteria. The EHR payments each year are based on management's best estimate. The payments can be retained and additional payments can be earned for each stage if the District meets certain criteria in future implementation. The EHR incentive payments are reimbursed at a tentative rate with final settlement determined after submittal of the annual cost reports and audits thereof by the fiscal intermediaries.

Various other grants were received during the year for other uses.

NOTE 16 - SUBSEQUENT EVENTS

Events have been evaluated through November 12, 2013, for subsequent event disclosure.

SUPPLEMENTARY INFORMATION

Allen Parish Hospital
Schedules of Net Patient Service Revenue
Years Ended June 30,

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Routine services			
Adult and pediatric	\$ 135,798	\$ 134,750	\$ 253,950
Psychiatric	5,351,729	5,986,814	6,562,467
Swing bed	<u>108,393</u>	<u>123,000</u>	<u>156,750</u>
 Total routine services	 <u>5,595,920</u>	 <u>6,244,564</u>	 <u>6,973,167</u>
Other professional services			
Operating room	-0-	56,217	62,834
Radiology	1,537,122	3,392,184	3,342,528
Nuclear medicine	224,937	245,459	235,779
Laboratory	2,039,219	2,694,217	2,788,773
Blood	35,021	61,250	35,305
Intravenous therapy	76,040	115,310	216,436
Respiratory therapy	296,101	305,139	340,334
Physical therapy	944,401	917,202	802,987
Electrocardiology	149,722	287,812	354,800
Central supply	174,240	319,633	444,824
Pharmacy	1,149,536	1,826,359	2,020,236
Observation room	62,286	210,999	116,215
Physician clinic	9,254	299,799	294,684
Rural health clinic	1,191,916	904,799	714,573
Emergency room	2,069,113	2,355,605	2,519,839
Home health visits	653,490	604,535	542,230
Contract physician	<u>94,200</u>	<u>79,841</u>	<u>97,868</u>
 Total other professional services	 <u>10,706,598</u>	 <u>14,676,360</u>	 <u>14,930,245</u>
 Gross patient service revenue	 <u>16,302,518</u>	 <u>20,920,924</u>	 <u>21,903,412</u>
Contractual allowances	4,925,143	7,137,444	7,214,210
Discounts	170,215	150,520	155,303
Free care	21,099	156,757	95,681
Professional fee revenue	(47,150)	(121,371)	-0-
Provision for bad debts	<u>2,720,528</u>	<u>2,945,208</u>	<u>2,809,430</u>
 Total deductions from revenue	 <u>7,789,835</u>	 <u>10,268,558</u>	 <u>10,274,624</u>
 Net patient service revenue	 \$ <u>8,512,683</u>	 \$ <u>10,652,366</u>	 \$ <u>11,628,788</u>

Allen Parish Hospital
Schedules of Other Operating Revenue
Years Ended June 30,

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Meals	\$ 19,148	\$ 22,656	\$ 23,000
Medical records transcript fees	900	1,345	3,436
Rental	5,700	9,150	6,900
Other income	<u>61,262</u>	<u>57,515</u>	<u>35,751</u>
 Total other operating revenue	 \$ <u>87,010</u>	 \$ <u>90,666</u>	 \$ <u>69,087</u>

Allen Parish Hospital
Schedules of Operating Expenses - Salaries and Benefits
Years Ended June 30,

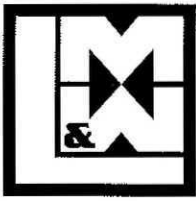
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Administration	\$ 349,102	\$ 460,623	\$ 475,775
Plant operations and maintenance	89,864	112,722	134,794
Housekeeping	76,213	90,843	99,442
Dietary and cafeteria	144,776	151,267	149,446
Medical records	93,380	109,349	95,657
Nursing services, acute care	721,014	764,505	805,305
Psychiatric unit	1,196,051	1,344,524	1,481,633
Operating room	-0-	248	1,156
Radiology	226,125	285,857	301,578
Laboratory	256,893	324,059	328,083
Respiratory therapy	129,833	147,269	142,488
Central supply	25,279	25,159	25,222
Pharmacy	139,698	149,440	157,994
Emergency room	329,651	516,716	555,418
Home health	250,542	259,774	248,808
Physician clinic	6,356	231,546	213,687
Rural health clinic	<u>622,586</u>	<u>743,744</u>	<u>625,124</u>
 Total salaries	 <u>4,657,363</u>	 <u>5,717,645</u>	 <u>5,841,610</u>
 Payroll taxes	 350,112	 405,340	 407,106
Health insurance	379,436	479,776	463,844
Retirement	13,408	20,630	23,578
Other	<u>4,723</u>	<u>5,432</u>	<u>5,354</u>
 Total benefits	 <u>747,679</u>	 <u>911,178</u>	 <u>899,882</u>
 Total salaries and benefits	 \$ <u>5,405,042</u>	 \$ <u>6,628,823</u>	 \$ <u>6,741,492</u>

Allen Parish Hospital
Schedules of Operating Expenses - Other Expenses
Years Ended June 30,

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Legal and accounting	\$ 104,823	\$ 67,100	\$ 73,973
Repairs and maintenance	171,343	252,247	227,697
Telephone	68,945	74,738	62,480
Utilities	131,065	169,846	171,890
Travel	80,146	122,384	82,001
Rentals	37,412	39,800	70,776
Dues and subscriptions	58,427	62,941	60,730
Physician recruitment	2,210	25,000	-0-
Miscellaneous	<u>133,675</u>	<u>76,100</u>	<u>69,510</u>
 Total other expenses	 \$ <u>788,046</u>	 \$ <u>890,156</u>	 \$ <u>819,057</u>

Allen Parish Hospital
Schedules of Per Diem and
Other Compensation Paid to Board Members
Years Ended June 30,

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Dr. Peggy Allemand	\$ -0-	\$ 280	\$ 440
Ms. Carla Marcantel	N/A	400	450
Mr. Richard Hollier	N/A	320	360
Mr. Ronald Craiger	-0-	350	500
Mr. Jessie Chaffin	-0-	320	440
Mr. Royce Scimemi	N/A	320	360
Mr. Joe Green	N/A	200	320
Mr. Ryland Dunnehoo	-0-	-0-	-0-
Mr. Chris Fontenot	-0-	-0-	-0-
Ms. Tanya Peloquin	-0-	-0-	-0-
Mr. Roy Marcantel	-0-	-0-	-0-
	<hr/>	<hr/>	<hr/>
Total	\$ <u>-0-</u>	\$ <u>2,190</u>	\$ <u>2,870</u>



LESTER, MILLER & WELLS

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
Hospital Service District No. 3
Parish of Allen, State of Louisiana
Kinder, Louisiana

Report on Compliance for Each Major Federal Program

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Hospital Service District No. 3, Parish of Allen, a component unit of the Allen Parish Police Jury, ("the Hospital") as of and for the years ended June 30, 2013, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Allen Parish Hospital's basic financial statements and have issued our report thereon dated November 12, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Allen Parish Hospital's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of Allen Parish Hospital's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be significant deficiencies: 2013-1, 2013-2, 2013-3 and 2013-4.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which would have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Allen Parish Hospital's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Allen Parish Hospital's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control or on compliance. This report is an integral part of an audit performed in accordance with Governmental Auditing Standards in considering the Hospital's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lester Miller & Wells

Certified Public Accountants
Alexandria, Louisiana

November 12, 2013



Allen Parish Hospital
Schedule of Current Year Findings and Responses
Year Ended June 30, 2013

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weaknesses identified – No
- Significant deficiencies identified – Yes

Compliance:

- Noncompliance issues noted – No

Management letter issued – No

Federal Awards – Not applicable

Section II. Financial Statement Findings

FINDING 2013-1 - Financial Statements

Finding: In the past, the auditors were able to draft the financial statements with management accepting responsibility. Effective for financial statements ending on or after December 15, 2006, SAS 112 now requires management to insure propriety and completeness of the financial statements and related footnotes. The staff responsible for preparation of financial statements and related footnote disclosures in accordance with generally accepted accounting principles (GAAP) lacks the knowledge and/or resources necessary internally to complete the reporting requirements.

Recommendation: Management should either (a) obtain the knowledge and/or resources necessary to internally prepare or review the auditors' preparation of the Hospital's financial statements and related footnote disclosures in accordance with GAAP, or (b) determine if the cost overrides the benefit of correcting this control deficiency.

Response: Our goal will be to obtain the knowledge necessary to internally prepare or review the auditors' preparation of the Hospital's financial statements and related footnote disclosures in accordance with GAAP.

FINDING 2013-2 - Segregation of Duties

Finding: Due to a limited number of available employees, there is not a complete segregation of duties in all accounting, recording and custody functions.

Recommendation: We recommend that duties be segregated to the extent possible to prevent both intentional and unintentional errors. Segregation includes 1) separating transaction authorization from custody of related assets; 2) separating transaction recording from general ledger posting and maintenance; 3) separating operations responsibility from record-keeping. Where these segregations are not possible, we recommend close supervision and review.



Allen Parish Hospital
Schedule of Current Year Findings and Responses
Year Ended June 30, 2013

Section II. Financial Statement Findings (Continued)

FINDING 2013-2 - Segregation of Duties (Continued)

Response: We will work to have the staff and the knowledge to segregate duties so that internal controls can be in place to prevent intentional and unintentional errors.

FINDING 2013-3 - Medicare and Medicaid Contractuals

Finding: The allowances for accounts receivable were understated by approximately \$370,000, which overstated net income by the same amount. The model utilized was based on the prior year percentages and was not updated for current reimbursement percentages.

Recommendation: We recommend reviewing the calculation and making the necessary adjustments to provide an accurate estimate of the allowances for accounts receivable.

Response: We will solicit the help of Lester, Miller, & Wells to help with the analysis of our Medicare and Medicaid contractuals.

FINDING 2013-4 - Accounting Policies

Finding: The standard monthly entries utilized prior year estimates and were not updated for the current year. This resulted in several accounts such as prepaid expenses, depreciation expense, payroll expenses, capital lease payable, and notes payable being misstated.

Recommendation: We recommend updating the standard monthly entries annually. Additionally, these accounts should be reviewed monthly for reasonableness and accuracy.

Response: Monthly entries and general ledger accounts will be presented to the CFO on a monthly basis for reasonableness and accuracy.

Section III. Federal Awards Findings and Questioned Costs

Not applicable

Section IV. Management Letter

Not applicable



Allen Parish Hospital
Schedule of Prior Year Findings and Responses
Year Ended June 30, 2013

Section I. Financial Statement Findings

2012-1 - Financial Statements

Fiscal Year Initially Reported: June 30, 2007

Finding: In the past, the auditors were able to draft the financial statements with management accepting responsibility. Effective for financial statements ending on or after December 15, 2006, SAS 112 now requires management to insure propriety and completeness of the financial statements and related footnotes. The staff responsible for preparation of financial statements and related footnote disclosures in accordance with generally accepted accounting principles (GAAP) lacks the knowledge and/or resources necessary internally to complete the reporting requirements.

Recommendation: Management should either (a) obtain the knowledge and/or resources necessary to internally prepare or review the auditors' preparation of the Hospital's financial statements and related footnote disclosures in accordance with GAAP, or (b) determine if the cost overrides the benefit of correcting this control deficiency.

Response: Our goal will be to obtain the knowledge necessary to internally prepare or review the auditors' preparation of the Hospital's financial statements and related footnote disclosures in accordance with GAAP.

Resolution: This matter has not been resolved. See current year finding 2013-1.

2012-2 - Segregation of Duties

Fiscal Year Initially Reported: June 30, 2007

Finding: Due to a limited number of available employees, there is not a complete segregation of duties in all accounting, recording and custody functions.

Recommendation: We recommend that duties be segregated to the extent possible to prevent both intentional and unintentional errors. Segregation includes 1) separating transaction authorization from custody of related assets; 2) separating transaction recording from general ledger posting and maintenance; 3) separating operations responsibility from record-keeping. Where these segregations are not possible, we recommend close supervision and review.

Response: We will work to have the staff and the knowledge to segregate duties so that internal controls can be in place to prevent intentional and unintentional errors.

Resolution: This matter has not been resolved. See current year finding 2013-2.

FINDING 2012-3 - Medicare and Medicaid Contractuals

Fiscal Year Initially Reported: June 30, 2012

Finding: The Medicare and Medicaid model for estimating allowances for the Rural Health Clinic accounts receivable does not reserve an allowance for accounts that are over a year old and virtually uncollectible. Therefore, the accounts receivable and revenue was overstated by approximately \$120,000.



Allen Parish Hospital
Schedule of Prior Year Findings and Responses (Continued)
Year Ended June 30, 2013

Section I. Financial Statement Findings (Continued)

FINDING 2012-3 - Medicare and Medicaid Contractuals (Continued)

Recommendation: We recommend changing the allowance model to reserve the Medicare and Medicaid accounts receivable for the Rural Health Clinic that are over one year old. Additionally, these accounts should be investigated and collected or written off.

Response: Management will review the calculation and make necessary changes to provide an accurate estimate for the Rural Health Clinic allowances. Additionally, the Rural Health Clinic staff will research accounts over one year old and upon approval of management, write-off uncollectible accounts. We anticipate that this will be implemented by March 2013.

Resolution: This matter has not been resolved. See current year finding 2013-3.



